



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JULY 27, 1999

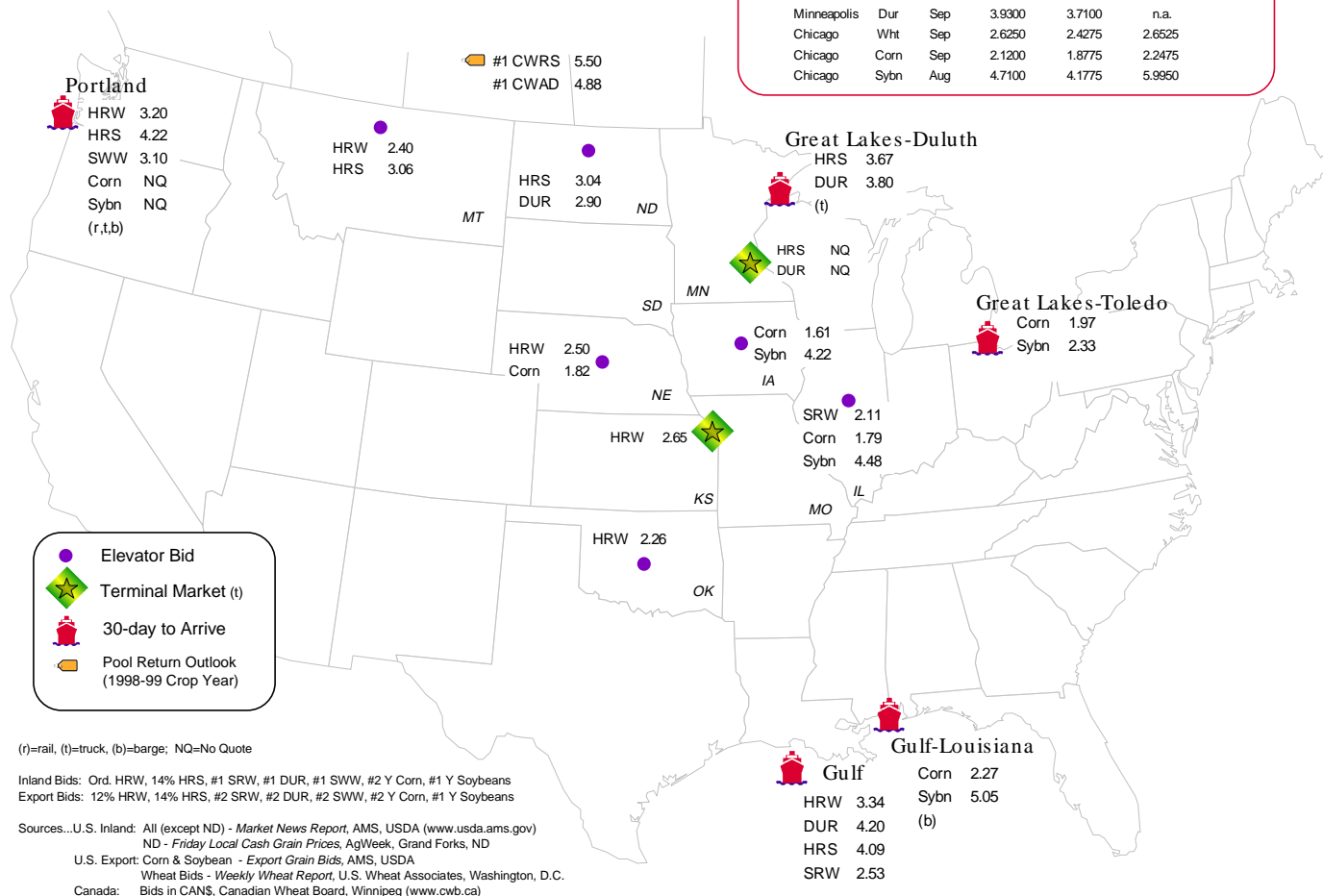
Trade Issues Dominate U.S. Grains Council Meeting. The U.S. Grains Council held its 39th annual meeting in Cambridge, MA, July 18-21. Agriculture-related trade issues such as the lifting of trade sanctions, the international acceptance of genetically modified (GMO) crops, and China's accession into the World Trade Organization (WTO) were addressed. Cuban representatives, Maria de la Luz B'Hammel and Igor Montero Brito, stated that **Cuba** has trade relations with 150 countries, mostly in Europe, Latin America, and Asia, as well as Canada and New Zealand. Cuba is very dependent upon trade since it is unable to produce commodities such as corn, soybeans, and sorghum due to land limitations. Livestock in Cuba are fed wheat, as the cost of Argentine-imported corn is too high, 22 percent higher than U.S. corn. The potential for increased Cuban imports is significant, as it imports 50 percent less than it did before the revolution. It was stated that the lifting of trade sanctions is not only Cuban leader, Fidel Castro's, top priority in terms of foreign policy; it is also being discussed in the U.S. by both Democrats and Republicans. Patrick Steel of USDA's Foreign Agricultural Service said that President Clinton just recently announced a case-by-case review of current sanctions. Masaki Sakai, Counselor, Embassy of **Japan**, expressed his country's concern about food security. In 1998, 37 percent (\$13 billion) of Japan's agricultural trade was with the U.S. Organic agricultural products are also becoming an increasing concern of the Japanese, who prefer what they consider to be healthier, safer foods, despite the higher cost. Trade with **India** was discussed, as its population growth of approximately 2 percent per year is destined to surpass that of China by 2010. A 5- to 6-percent increase in India's gross domestic product is another factor influencing the food buying power of this growing country. **Domestically**, several commodity groups spoke on the condition of their industry. Dan Wiltse, President of the National Barley Growers Association, said that domestic barley production is "slowly dying," as the U.S. becomes a net importer. He attributes much of this downward movement to inequities in trade policies. Roger Pine, President of the National Corn Growers Association, stated that his group remains behind Freedom To Farm legislation but feels that farm programs are necessary to provide minimal support to farmers. China's WTO status was also seen as important in allowing the U.S. unrestricted market access and market growth. National Grain Sorghum Association President, Ken Tevis, stated that the sorghum industry will meet the needs of any country with or without GMO opposition. He echoed several common themes of the meeting, stating that foreign market access must be expanded and subsidies eliminated to ensure a fair market. The sanitary/phytosanitary issue was discussed. It was emphasized that any decisions regarding this issue or the acceptance of GMO's should be based on sound scientific research. Representatives from Argentina, Australia, Canada, and the European Union (EU) provided **foreign perspectives** of international trade. Bill McClounie, General Manager, Ontario Wheat Producers, said that trade goals should include the elimination of subsidies, without "disguising" them under a different name. He stressed the need for transparent trading rules and practices. Alistair Sutton, Senior Partner, White & Case, Brussels Belgium, stressed the importance of avoiding the tendency to consider only the benefits to one's own country in international trade. He spoke of the importance of including other European countries, such as Poland, Hungary, Latvia, and Estonia, in the EU. Argentina has undergone considerable agricultural deregulation since 1991, according to Hugo Krajnc, Public Affairs Director, Cargill S.A.C.I., Buenos Aires, Argentina. He stated that current agriculture policy provides no support price or government intervention for domestic or foreign markets. John Lush, President of the Grains Council of Australia, defended the single export desk of Australia, stating that the U.S.'s General Accounting Office has not determined any trade distortion due to this system. He stressed the importance of U.S. political farm leadership, domestically and abroad. (*USGC Meeting 7/18-21*)

Iran To Buy Wheat From The U.S.? U.S. economic sanctions on the sale of food, medicine, and medical equipment were lifted as the Clinton Administration issued highly anticipated new regulations in U.S. farm sales. Countries affected by this change-Iran, Libya, and Sudan-are expected to import approximately 12 million metric tons of grain in 1999 and 2000. With the policy change taking effect on July 27, the European Union is fearful the U.S. will rob them of their customer, Iran. Iran's struggle to obtain the credit to buy grain from Europe may cause it to turn to the U.S. despite the animosity that has existed for years between the two nations. However, the country firmly states that the likelihood of purchasing from the U.S. is low due to the remaining sanctions on wheat imported into Iran. Iranian Trade Minister, Masoud Karbasian, stated, "We have never given serious consideration to buying grain from America, as prices are generally falling in world markets and we do not need to buy goods from America." Meanwhile, severe drought continues to plague Iran, and its needs for imported wheat for the upcoming year is forecast to be a whopping 5.5 million metric tons. (*Reuters 7/23, 7/26-27*)

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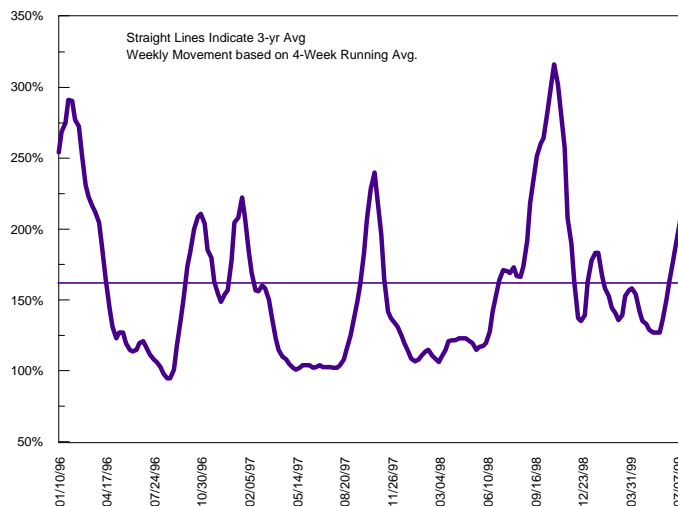
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Grain Bid Summary

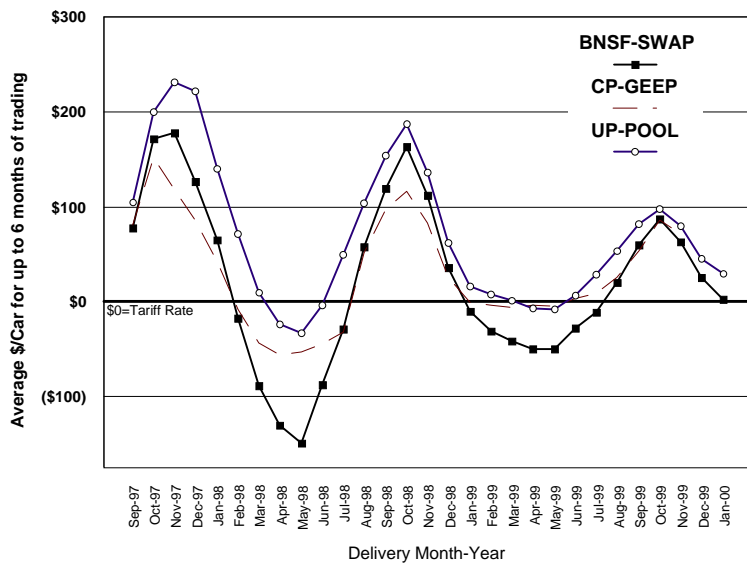


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Sep-99		Nov-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	9,500	88%	12,175	33%
UP-GCAS	5,400	67%		
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Aug-99	Oct-99	Nov-99	Dec-99
BNSF-GF	\$16	\$55	\$38	\$16
CP-GEEP	\$38	\$65		
UP-Pool	\$49	\$84	\$59	\$27

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Sep-99	Oct-99	Nov-99
COT/N. Grain	no bid	\$54	\$10
COT/S. Grain	\$4	\$9	\$8
GCAS/Region 2	\$25	no offer	no offer
GCAS/Region 4	no bid	no offer	no offer

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
7/22/99	Illinois River	twk/nwk	285
	Twin Cities	twk	320
		on station	315
		Sept.	320
		May	185
	Mid Miss	nwk	290
		Aug.	290
	OTCT	nwk	175
		twk	165

Southbound Barge Freight Spot Rates

	7/21/99	7/15/99	Aug. '99	Oct. '99
Twin Cities	313	277	319	336
Mid-Mississippi	286	245	292	309
Illinois River	279	238	287	304
St. Louis	171	165	208	283
Lower Ohio	170	166	221	298
Cairo-Memphis	183	156	233	298

Source: Transportation & Marketing /AMS/USDA
nq- no quote

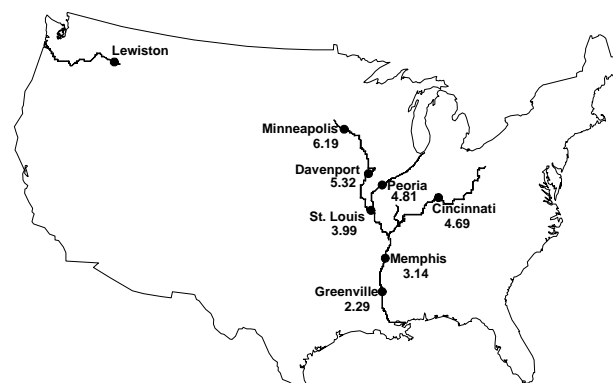
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

nwk=next week

OTCT=Osceola (Ark) Thru Cairo Terms

on station=boat located at a point on the river (immed. available)

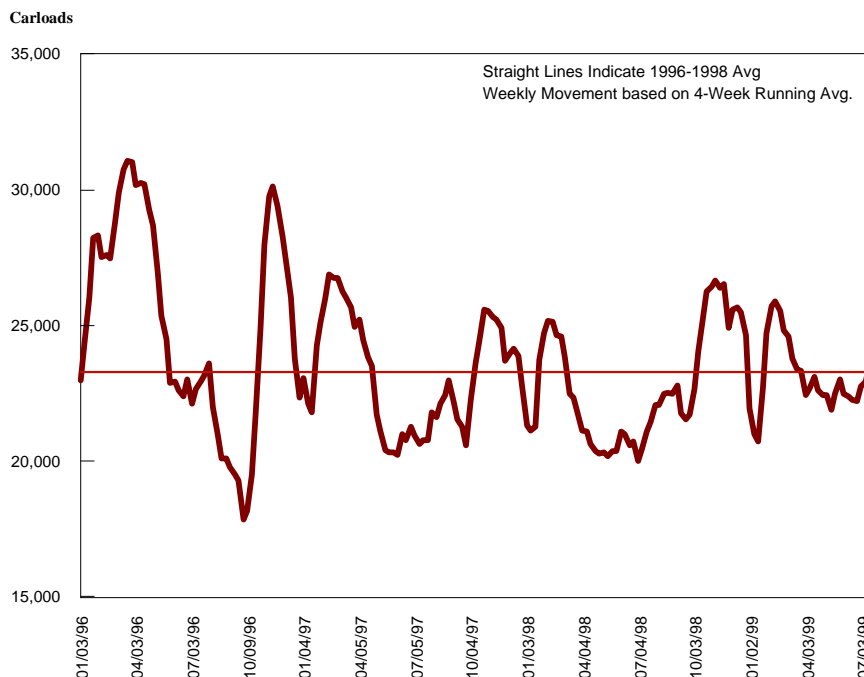
**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
7/3/99	23,106
7/10/99	22,527
7/17/99	26,197
Year to Date - 1999	655,982
Year to Date - 1998**	614,029
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

			<u>East</u>		<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
07/17/99	0	2,766	1,986	3,129	9,328	501	8,487	2,707	5,354
This Week Last Year	874	2,111	1,891	2,443	7,514	630	6,703	1,660	4,053
1999 YTD	15,522	68,882	45,320	74,294	222,553	19,710	209,701	60,480	102,834
1998 YTD*	19,133	66,799	41,403	70,929	221,369	17,660	176,736	64,499	113,840
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

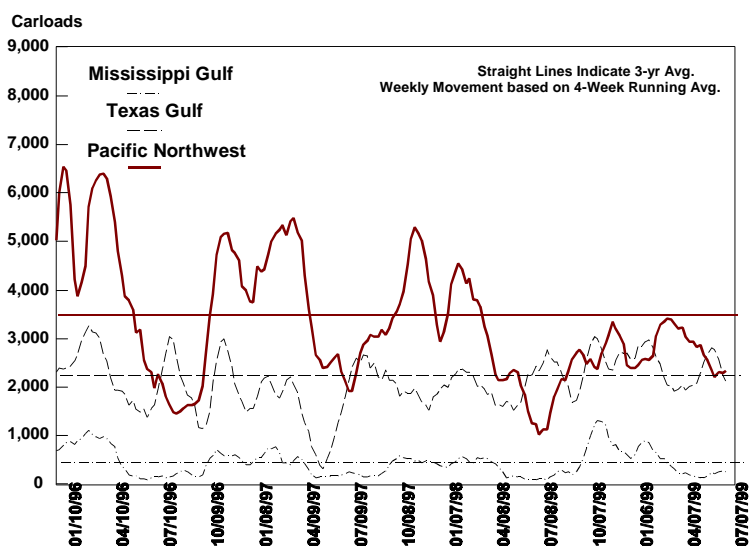
July 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
07/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
07/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
07/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
07/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
07/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
07/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,951	\$32.53	\$0.83
07/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
07/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,526	\$27.84	\$0.71
07/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$36.71	\$1.00
07/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$33.40	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

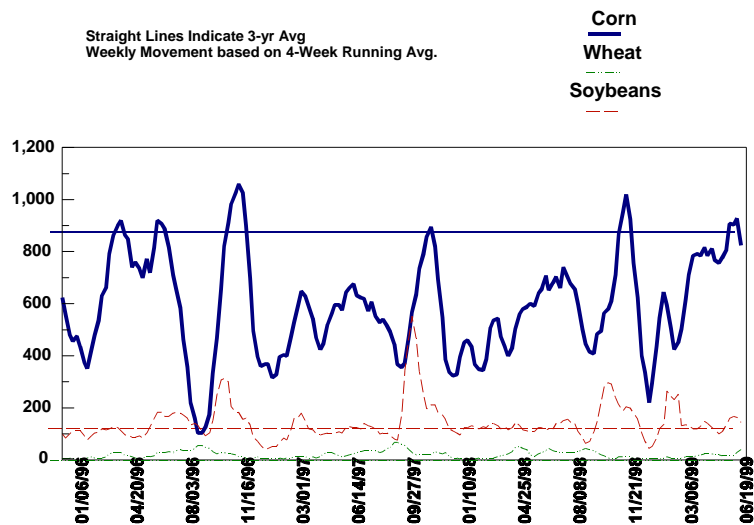
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
06/09/99	265	3,087	2,225	3
06/16/99	335	2,769	1,944	5
06/23/99	64	2,297	2,525	4
06/30/99	391	2,204	2,544	15
07/07/99	351	1,753*	2,150*	145
07/14/99	203	2,256	2,131	119
YTD 1999	11,168	66,992	77,017	7,412
YTD 1998	9,307	56,389	79,354	6,492
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				

Rail Deliveries to Port

*Note: Corrected data.

Barge Movements - Locks 27

1,000 Tons

Straight Lines Indicate 3-yr Avg
Weekly Movement based on 4-Week Running Avg.**Barge Grain Movements**

for week ending 07/17/99

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	497	29	59	584
Winfield, MO (L25)	652	41	102	794
Alton, IL (L26)	770	59	150	979
Granite City, IL (L27)	529	49	119	705
Illinois River (L8)	194	15	31	240
Ohio (L52)	5	8	19	55
Arkansas (L1)	0	39	1	40
1999 YTD	19,747	1,436	4,029	26,928
1998 YTD	14,656	1,230	4,070	21,716
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

Miss. Lock 27 main chamber closed for repairs until July 25.

U.S. Export Balances* (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
07/15/99	1,736	394	992	533	174	3,830	9,607	2,993	16,430
This Week Year Ago	1,532	189	1,003	916	209	3,849	7,027	1,844	12,720
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	1,533	420	522	243	109	2,826	42,207	20,497	65,530
97/98 YTD	1,510	303	752	305	95	2,965	32,008	17,713	52,686
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
07/22/99	162	169	0	183	651	185	250	19	43
1999 YTD	5,601	5,018	416	3,800	19,502	7,460	4,735	460	723
1998 YTD *	4,931	3,196	402	2,821	14,859	7,747	3,643	215	620
% of Last Year	52%	115%	64%	75%	62%	50%	65%	82%	52%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date ('98 = 53 week period)

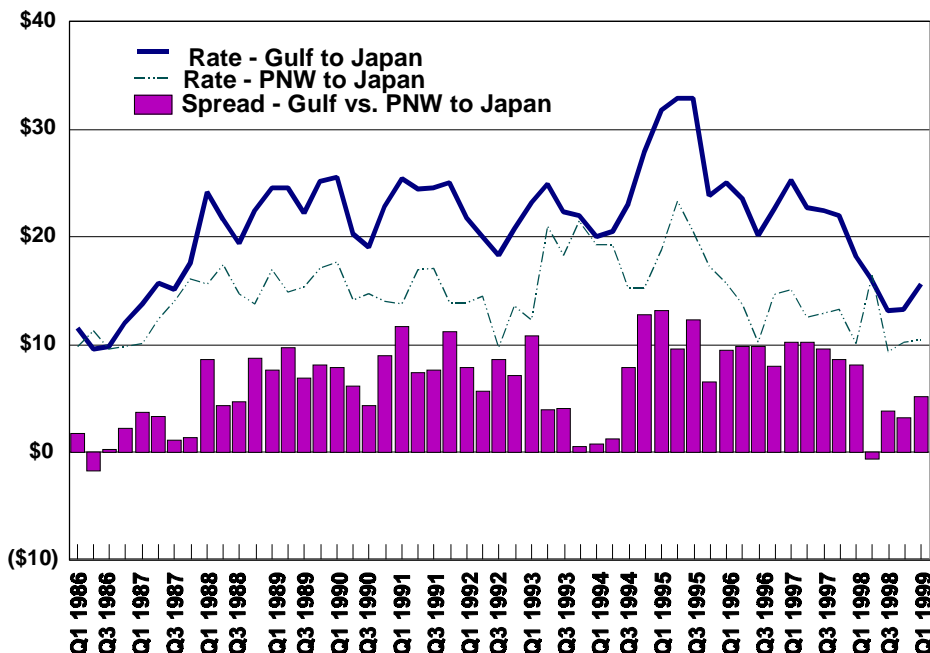
Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 07/22/99			
Vancouver	5,227	1,044	418
Prince Rupert	1,228	6	0
Prairie Direct	1,055	575	350
Thunder Bay	642	230	239
St. Lawrence	1,893	1,646	0
1999YTD Exports	10,045	3,501	1,007
1998 YTD Exports	15,195	4,152	2,179
% of Last Year	66%	84%	46%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago **
YTD-Year-to-Date Crop Year 8/1-7/31

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 nd Qtr	1998 2 nd Qtr	% Change		1999 2 nd Qtr	1998 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	Argentina to			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	18%
				Japan	\$20.82	\$18.55	12%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates (Select Locations) - week ending 07/24/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	Genoa	Wheat	July	13,000	\$24.00
Duluth	Italy (Adriatic)	Wheat	July	13,200	\$27.00
Gulf	Algeria	Heavy Grain	July	25,000	\$16.00
Gulf	Algeria	Wheat	Aug/Spot	25,000	\$15.50-17.00
Gulf	Japan	Heavy Grain	Sept/Oct	54,000	\$17.50-18.50
Gulf	S. Africa	Heavy Grain	Prompt	25,000/30,000	\$17.00
Gulf	Morocco	Heavy Grain	Spot	21,000	\$20.00
PNW	Taiwan	Heavy Grain	August	54,000/58,000	\$10.00-10.60
PNW	Mexico (WC)	Heavy Grain	July	30,000	\$13.00
River Plate	Jordan	Heavy Grain	Prompt	30,000	\$23.00

Source: Maritime Research Inc.